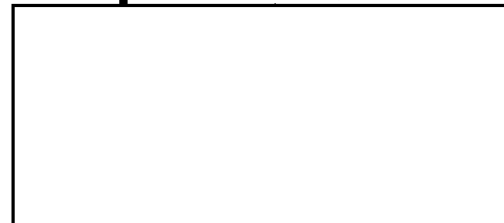
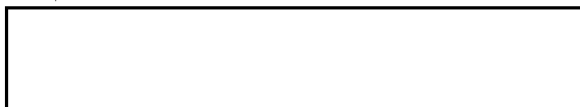


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ARAB STATES - ISRAEL: The semiofficial newspaper Al-Ahram has reported that "important international contacts have taken place during the past 24 hours with the aim of making Israel withdraw to the positions of 22 October." Because of these contacts, Cairo has canceled the tentatively scheduled Sunday meeting at Kilometer 101 between military representatives of the two sides, "until the international contacts produce a concrete result." The paper did not indicate who was involved in the international contacts.

Prime Minister Meir, during a nationally televised interview yesterday, said that Egyptian and Israeli negotiators might next discuss an arrangement for a "real disengagement of forces" along the Suez Canal that would include the withdrawal of troops to their respective sides, with a buffer strip along both banks to be manned by UN forces. Mrs. Meir agreed with President Nixon's assessment on the prospects for peace in the Middle East, saying "there is more room for hope now." She added, however, that peace talks probably could not begin until after Israel's national elections, which are scheduled for 31 December. Furthermore, without mentioning the US, she "definitely" envisioned the possibility of a dispute between Israel and its "great, good, and faithful friends" who might seek to exert pressure on Israel during future negotiations with the Arabs. Prime Minister Meir also disclosed that Syria offered some proposals on prisoners of war ten days ago, but, despite what she called a speedy Israeli response and a continuing dialogue, no movement had been achieved.

The Egyptian-Israeli prisoner exchange continued into its second day yesterday with no apparent hitch. More than 1,300 of the approximately 8,000 Egyptian prisoners held by Tel Aviv were repatriated on 15-16 November, and Cairo has returned 54 of the 247 Israelis held in Egypt. The first convoy of UN-controlled vehicles bringing wounded civilians out of Suez city also took place yesterday with about 300 of the town's

estimated 1,200 wounded evacuated. Meanwhile, convoys of nonmilitary supplies to Suez city and the Egyptian Third Army on the east bank of the canal continued. Israeli officials were verifying the non-military nature of the supplies to be ferried across the canal. Tel Aviv reported that several Suez-bound trucks were turned back, after an examination showed they were carrying fuel.

Elsewhere on the political front, preparations for the Arab summit conference to be held in Algiers on 26 November moved ahead with the arrival in Cairo of the Syrian foreign minister, who is scheduled to confer with his Egyptian counterpart.

According to press reports yesterday, Egypt's newly named ambassador to the US, Ashraf Ghorbal, said that the Bab al Mandab blockade had demonstrated to Israel that its freedom of navigation was not ensured by the occupation of Sharm ash-Shaykh. Meanwhile, in a reference to the blockade of the Red Sea entrance, Prime Minister Meir strongly reiterated Tel Aviv's stand that the cease-fire must be total, emphasizing that it applied to the sea as well as land and air.

Further steps have been taken at the UN toward funding the United Nations Emergency Force (UNEF). A UN advisory committee recommended yesterday that the General Assembly approve a six-month, \$30 million budget for the peace-keeping force. The committee further recommended that UNEF be funded out

of a special account rather than the normal UN budget. The special account would allow for advance contributions and for the special assessments scale that is now being worked out in informal negotiations. Secretary General Waldheim has twice appealed for advance contributions to the UNEF; there are currently no funds available to meet its growing expenses.

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There were only two reports of small arms fire on the Egyptian front yesterday and no reports of fighting on the Syrian front, making it the quietest day on the battle fronts since the war began on 6 October.

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USSR-SYRIA-EGYPT: Despite the war, work has continued at Soviet economic aid undertakings in Syria and Egypt. The departure of some Soviet economic technicians in October reportedly was due to project completion or routine turnover, although Moscow did withdraw Soviet dependents from Egypt, and possibly Syria, just prior to the outbreak of hostilities. These dependents reportedly will return to Egypt this month.

There are now about 1,150 Soviet economic technicians in Egypt, the largest number since 1968 and well above the 550 present during 1972. About 1,000 are at the Hulwan steel mill, where trial operations of recently constructed facilities are under way. In Syria, 900 Soviets employed at the Euphrates Dam probably had departed by 1 October, following completion of the first stage of the project. The estimated 300 Soviet technicians who are believed to have remained in Syria are assigned to the dam, oil development, railroad, electrification, and irrigation projects.

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SYRIA-IRAQ-OIL: The Syrian oil terminal at Baniyas, a major outlet for Iraq's oil exports, has resumed operations, [REDACTED]

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[REDACTED] The terminal's oil storage facilities were about 60 percent destroyed by Israeli air and sea attacks, and the port had been out of operation since 7 October, reducing the flow of Iraqi oil to Western Europe. About 8 percent of Western Europe's oil came from Iraq, principally via Baniyas and to a lesser extent from Tripoli, Lebanon.

The pipeline from Iraq to Baniyas is believed to be operating at below capacity, because of reduced oil storage capacity from 4.5 million barrels to 1.8 million barrels. Three tankers sighted at Baniyas on 11 November probably will load about 1.1 million barrels of oil. Part of the shortfall in deliveries from Baniyas has been offset by expanded exports from Tripoli.

The resumption of oil exports will aid Iraq's foreign exchange earnings and also will again provide Damascus with oil transit fees. Syria normally would receive about \$105 million annually in transit fees if the pipeline were operating at capacity. Iraq did not sign the November agreement to reduce oil production and probably will attempt to increase its output to near the pre-war level of about 2 million barrels per day. If it does, however, Baghdad will doubtless come under severe pressure to participate in the cutbacks and the pressure may prove difficult to resist.

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WESTERN EUROPE: Growing pessimism over West Germany's economic prospects, in view of an impending oil shortage, is causing strong internal pressure on the European joint float. This pressure resulted in a revaluation on Thursday of the Norwegian crown. Both the Swedish and Danish crowns again closed at their upper limits against the mark yesterday, and Germany reportedly was still selling those currencies in an attempt to keep them within the currency band.

Although these Scandinavian countries rely heavily on Arab oil, Arab restrictions will have less of an impact on them than on West Germany's highly industrialized economy. This differential impact and the close relationship of the Scandinavian economies mean that pressure on the other Scandinavian currencies will probably continue.

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GREECE: The Papadopoulos-Markezinis experiment in more open democracy probably received a severe setback last night as the government used force to put down student demonstrations in Athens.

A government communiqué this morning tersely announced that order had been completely restored and that for the time being "no one would be allowed to disturb further the lawful order and calm of the Greek people." The police apparently restored order in the city last night after six hours of rioting and violent clashes, and early this morning army tanks and police moved against the Polytechnic school at Athens University, which students have occupied since 14 November. The press reports that two people were killed and about a hundred injured in the clashes Friday night.

The students have been demanding greater academic freedom and immediate democracy. Students in Salonica and Patras have also occupied buildings in their universities to show solidarity, but there has been no violence.

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Small student demonstrations, apparently designed to embarrass the government, have occurred sporadically since 4 November, when police clashed with demonstrators following a memorial service honoring the fifth anniversary of the death of former prime minister and Center Union party leader George Papandreou. That demonstration reportedly was organized by two ex-Center Union deputies who remain loyal to the late premier's leftist son, and

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by some 50-100 of the latter's extremist supporters. A subsequent trial of 17 arrested demonstrators was quickly exploited by leading ex-politicians, including former prime minister Kanellopoulos, who defended the accused in court and criticized the government. Center Union leader Mavros, for his part, shouted "down with the junta" in court. The prosecution avoided being drawn into a confrontation and five of the demonstrators were convicted and given light sentences.

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Prime Minister Markezinis meanwhile has postponed a press conference, scheduled for today

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TURKEY: Suleiman Demirel, the leader of the second largest party, has failed to form a coalition government and it seems unlikely that any leading politician will be able to do so.

Demirel, who heads the conservative Justice Party (JP), was first rebuffed by the right-wing Democratic Party on 14 November. He had announced that he would not form a minority government. The National Salvation Party, also rightist, agreed to go into a coalition if the left-of-center Republican Peoples Party (RPP), which has the largest number of seats, would join. The RPP refused to go along, however.

The solution may lie in a "grand coalition" of the RPP and JP under a nonpartisan prime minister.

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FOR THE RECORD*

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South Korea: Student unrest continues unabated, with demonstrations accompanied by some arrests occurring at several campuses in Seoul yesterday. Korea University has suspended classes for a week, following a clash between 2,000 students and police on 15 November. []

Vietnam-China: Nguyen Huu Tho, chairman of the Viet Cong's Provisional Revolutionary Government, will pay an official visit to Peking as part of a trip to a "number of socialist countries." []

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Canada-USSR: External Affairs Secretary Sharp arrives in Moscow tomorrow for a one-week visit. His meetings with Foreign Minister Gromyko, which fall under the terms of the 1971 protocol on consultations, will include discussions on European security []

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Peru: A general strike at Arequipa, a major city in southern Peru, reportedly has brought the city to a standstill. The strike is the latest episode in three weeks of anti-government protests by leftist teacher and student groups. No violence has been reported. []

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**These items were prepared by CIA without consultation with the Departments of State and Defense.*

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